

## MORE LATIN REVOLUTIONS SEEN

# Book Blames Alliance Failures on U.S.

By ROBERT GRUENBERG  
Star Special Writer

Non-member Cuba, despite 10 years of "economic disaster," is closer to some Alliance for Progress goals than most countries in the hemisphere development plan, two experts on Latin America say in a book published today.

For this and other reasons, Americans should expect that "upheaval, experimentation and change will be the rule rather

than the exception" in Latin America, and the recent election of Marxist Salvador Allende as president of Chile confirms this "basic finding," according to Jerome I. Levinson and Guan de Onis.

Levinson is an Inter-American Development Bank official, and formerly was with the U.S. Agency for International Development where he was responsible for all Latin American capital loans. De Onis, a correspondent in many South American

countries for more than 13 years, is stationed in Mexico City.

### Independent Effort

Their book, "The Alliance That Lost Its Way," was issued today by the 20th Century Fund, a 51-year-old nonprofit foundation, which said the authors had "complete independence" in making their findings.

The aim of the Alliance, founded under President John F. Kennedy, was to "compete with Castroism by offering economic support and social reform within a democratic framework," the study said. But "in education and public health no country in Latin America has carried out such ambitious and nationally comprehensive programs."

The Alliance tried to "kill two birds with one stone and hit neither squarely," said the authors. These targets were removing the danger of revolution, and achieving significant social, economic and political advancement for the millions of Latin poor.

### Three Main Causes

But it lost its way for three major reasons, they say:

The United States pursued its own security interests—especially military—which, in turn, supported authoritarian regimes at the expense of those trying to build a more democratic society.

There was a major dependence on the "narrow" approach of technical education and agricultural production, at the expense of expanding literacy and democratic forms of government. The result was protection of "key elements" of the present Latin society, instead of bettering the lives of the "marginal masses."

The Latin-American democratic left proved "disappointingly weak" and its leaders were subject to constant coups d'etat that brought in anti-democratic regimes.

The report warned against full

acceptance at this time of the Latin American military "reformist" establishments, which have been seen by some as the hope for a better society.

### Suggestions Made

The authors say the United States, in "reformulating" its Latin policy, should:

- Limit arms shipments and halt military assistance missions—including CIA and Defense Department activities—and maintain contact with the Latin military only through "well selected" attaches working closely under the U.S. ambassadors.
- Cease trying to "lecture, threaten, or dictate policy" too governments seeking assistance.
- Halt U.S. Treasury Department interference with Agency for International Development lending. At the same time recipient nations—not AID—should determine the details of how money is to be spent.

WASHINGTON STAR

30 NOV 1970



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In 1970 in Chile, a Marxist won a free national election for the presidency. If the congress confirms him, he will become the first Marxist to achieve power by constitutional means. After ten years and almost \$20 billion of United States aid to Latin America, what accounts for such a turn of events?

In this penetrating study, undertaken for The Twentieth Century Fund, Jerome Levinson and Juan de Onís report on the causes of unrest in Latin America and tell in compelling detail how the dream of an Alliance for Progress has broken down. Despite American efforts to advance the economic, social, and political development of Latin America, the problems that gave rise to the Alliance in 1961 are still unresolved. Now this main channel of inter-American relations—undermined, deflated, and distorted by events—threatens to increase resentment among the peoples of both Americas.

Levinson and de Onís offer an objective yet critical appraisal of the Alliance for Progress and its influence on Latin American institutions. After providing a background of Latin American affairs before the advent of the Alliance, the authors use key incidents in recent Latin American history as well as interviews with United States and Latin American officials to assess the effect of the Alliance in such countries as Brazil, Chile, Colombia, Peru, and Venezuela. Overall they find that the Alliance as presently constituted falls well short of a perfect blueprint

for change in Latin America, and they conclude with solid proposals for improving it along the lines of the democratic ideal under which it was initially inaugurated by John F. Kennedy.

The authors' findings are informed by a sense of urgency deriving from their belief that "Latin America is on the threshold of a new decade in which pressures for economic growth and social change will sorely test the political strength of the inter-American relationship." Their opinions, analyses, and judgments grow out of long personal association with the Alliance for Progress, for they have viewed the Alliance from its very beginning from the complementary vantage points of a United States foreign aid official and of a *New York Times* correspondent for whom reporting on the Alliance has been a continuous assignment. The result of their combined effort is a book that will likely be the definitive work on the subject for a long time to come.

JEROME LEVINSON, a graduate of Harvard Law School and a Fulbright Scholar, served with the Agency for International Development where for four years he was involved with the Alliance for Progress both in Latin America and in Washington. JUAN DE ONÍS, chief of the *New York Times's* bureau in Mexico City, has reported for many years from various countries in Latin America.

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## The Lessons of the Alliance

"The major lesson of the Alliance is that the reach of the United States should not exceed its grasp. Between the overambitious idealism of its development goals and the pointless obsessiveness of its concern for security, the United States really undermined the Alliance before it could get started. When the security issue lost its urgency and when other problems arose to demand higher priority—the war in Vietnam, the need to defend the dollar, the pressure of protectionist lobbies, the domestic urban crisis—the Alliance was deflated and distorted. The resulting situation is the worst of both worlds. The people of the United States feel that their generosity has not been appreciated and, in view of both domestic inflation and pressing domestic needs, appear unwilling to do more, while Latin Americans generally resent the restrictions placed on use of the funds made available, as well as the patronizing attitude with which they were often provided. . . .

"It is safe to predict that in the coming decade inter-American relationships will face fresh uncertainties and harsh tests that demand policies much more effective than those of the Alliance decade. Policy-makers must use greater realism and sophistication in both the making and the implementation of commitments. They must also deepen their awareness of and sensitivity to the internal conflicts afflicting the varied social classes of Latin America. And they must achieve a profound and sure understanding of just what constitutes the national interest of the United States in its relations with its sister republics."

--from *The Alliance That Lost Its Way*

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## The Washington Merry-Go-Round

THE WASHINGTON POST Wednesday, March 22, 1972 C23

# ITT Pledged Millions to Stop Allende

By Jack Anderson

International Telephone and Telegraph's (ITT) drive to block the 1970 election of leftist Chilean President Salvador Allende included an offer to the White House to "assist financially in sums up to seven figures."

The offer to spend millions was only one of a series of high-level conversations ITT had with the U.S. government in its eleventh-hour pressure campaign to stop Allende.

The huge international conglomerate was trying to keep a Marxist government under Allende from seizing its Chilean investments, which included 60 per cent control of the Chilean telephone company.

The company's effort, and its fervent hopes for a military coup, are spelled out in a remarkable set of secret documents from ITT's Washington office. We got the papers despite the wholesale shredding of files, which the company has admitted took place in the Washington office Feb. 24 in an attempt to keep "embarrassing" documents out of our hands.

The papers show that officials at the White House, State Department and Central Intelligence Agency (CIA) were approached by ITT. The American ambassador in Chile was visited. Attorney General John Mitchell was even buttonholed at a wedding reception by a zealous ITT man.

The documents indicate the company got a generally polite but cool reception from the White House and State Department, although Edward Korry, ambassador to Chile, is reported to have been militantly anti-Allende and friendly to ITT's cause.

Even more friendly, however, was the CIA's William V. Broe, who was then director of the Latin American division of Clandestine Services.

### CIA-ITT Meeting

Broe is reported to have personally visited ITT Vice President E. J. Gerrity, Jr. in his New York office to urge ITT to join in a scheme to plunge the Chilean economy into chaos and thus bring about a military uprising that would keep Allende out of power.

Although there is strong evidence in the documents that the company was taking steps to help the CIA foment trouble for Allende, the Broe plan was too wild even for ITT to accept.

One of the men doing the talking for ITT in the Chile affair was J.D. (Jack) Neal of the Washington office. He reported in a Sept. 14, 1970, memorandum on his conversation with Kissinger's office.

"I told (them) Mr. Geneen (ITT President Harold Geneen) is willing to come to Washington to discuss ITT's

interest and that we are prepared to assist financially in sums up to seven figures," the memo says.

"I said Mr. Geneen's concern is not one of 'after the barn door has been locked,' but that all along we have feared the Allende victory and have been trying unsuccessfully to get other American companies aroused over the fate of their investments, and join us in pre-election efforts."

"Early Saturday morning, I telephoned Assistant Secretary of State for Latin American Affairs, Charles (Chuck) A. Meyer, at his office. I repeated the same rundown..."

"I went to a wedding reception at the Korean Embassy late Saturday. I ran into Attorney General Mitchell; so decided to mention Chile just in case the subject reached him in a cabinet meeting or otherwise."

"Mr. Mitchell mentioned Mr. Geneen's recent visit with him. He said he could understand Mr. Geneen's concern over ITT's Chile investment."

### ITT Intelligence Report

Three days later, ITT's Gerrity got an on-the-scene intelligence report from two company men in Latin America. They reported efforts to persuade lame-duck Chilean President Eduardo Frei to take a stronger hand in the campaign against Allende.

"Late Tuesday night (Sept. 15) Ambassador Edward Korry finally received a message from the State Department giving him the green light to move in the name of President Nixon," the message said.

"At this stage the key to whether we have a solution of a disaster is Frei—and how much pressure the U.S. and the anti-Communist movement in Chile can bring to bear upon him in the next couple of weeks..."

"(Ambassador Korry) has never let up on Frei, to the point of telling him how to 'put his pants on.'"

"The anti-Allende effort more than likely will require some outside financial support... We have pledged our support if needed."

Twelve days later, Gerrity sent Geneen a telex describing a meeting in his office with the CIA's Broe, who outlined a five-point economic plan to reduce the Chilean economy to chaos.

"I was told that of all the companies involved, ours alone had been responsive and understood the problem. The visitor (Broe) added that money was no problem," Gerrity said.

By Oct. 16, eight days before Allende's election was to be voted on by the Chilean Parliament, ITT was pinning its waning hopes on a military coup led by former Brigadier General Roberto Viaux.

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# ITT Memos Bare Anti-Allende Plotting

By William Greider  
Washington Post Staff Writer

U.S. interests promoted—and then apparently backed away from—plans for a right-wing military coup in Chile two years ago to prevent the election of Marxist Salvador Allende as president, according to internal memoranda of ITT, the giant international conglomerate.

The U.S. government, according to the ITT papers, first gave a "green light" to the U.S. ambassador in Santiago—"maximum authority to do all possible, short of a Dominican Republic type action, to keep Allende from taking power."

The U.S. government also promised, according to the ITT documents, to selected Chilean military leaders "full material and financial assistance by the U.S. military establishment" if civil war erupted—even though Ambassador Edward Korry characterized Chile's armed forces as "a bunch of toy soldiers."

At one point, according to the documents, ITT informed the U.S. government that it would volunteer funds in "seven figures," \$1 million or more, to aid in some unspecified way the efforts to keep Allende out of power.

Finally, the ITT documents state that in mid-October of 1970—a week before Allende would be elected—a right-wing ex-general named Roberto Viaux, described as "gung ho" by the ITT operatives in Chile, was advised to hold off.

"It is a fact," said an Oct. 16 message from Latin America to corporate headquarters in New York, "that word was passed to Viaux from Washington to hold back last week. It was felt that he was not adequately prepared, his timing was off, and he should 'cool it' for a later, unspecified date. Emissaries pointed out to him that, if he moved prematurely and lost, his defeat would be tantamount to a 'Bay of Pigs in Chile.'"

"As part of the persuasion to delay, Viaux was given oral assurances he would receive material assistance and support from the U.S. and others for a later maneuver. It must be noted that friends of Viaux subsequently reported Viaux was inclined to be a bit skeptical about only oral assurances."

These and many other less sensational glimpses into U.S. government and corporate maneuvering in Chile are drawn from a new batch of secret documents from ITT's files, obtained by columnist Jack Anderson and made available yesterday to The Washington Post.

The copies of 26 memos, messages and staff reports hint at many questions which are left unanswered—What role did the Central Intelligence Agency play? How seriously was the military plot entertained? How deeply was ITT involved?

Yesterday the White House, the State Department and the CIA all refused to comment.

In New York, a spokesman

for ITT said Anderson's first column Tuesday on the Chilean episode, alleging a CIA-ITT plot to provoke economic chaos in the Latin American country, was "without foundation in fact."

Former Gen. Viaux is now in jail in Chile, charged with mutiny against the government, in connection with the preselection assassination of Gen. Rene Schneider, commander of the Army. That attack was generally regarded as an unsuccessful attempt to stir right-wing resentment and possibly to touch off a military takeover. The ITT documents mention the incident and Viaux's arrest, but do not say anything to indicate that the shooting was inspired by U.S. interests.

ITT, which had more than \$150 million invested in Chile, has since lost its major capital, an 80 per cent interest in the Chile Telephone Company, and is negotiating with Allende's government over compensation for its loss. ITT continues to operate two Sheraton hotels and a telecommunications factory there.

Taken as a whole, the ITT messages from Latin American agents to Washington and New York suggest a picture of frantic, sometimes bitter, sometimes contradictory communications within the corporation, trying to find something that would keep the Chilean congress from certifying Allende's election. The names are most of the same ones that have figured in the ITT anti-

trust episode—President Harold Genseen, Washington office vice president W. R. Merriam, public relations vice president E. J. Gerrity and others.

In some memos, the ITT executives reported a plan for stimulating economic chaos—which might in turn, have provoked a military coup. But it is not clear that the corporation embraced the idea fully and acted upon it. The Washington officers attributed it to a "Mr. Broe" or a representative from "the McLean agency" references to the CIA and to William Broe, CIA director in Latin America, according to columnist Anderson.

Gerrity, for example, reported in one memorandum his skepticism "Realistically, I do not see how we can induce others involved to follow the plan suggested. We can contact key companies for their reactions and make suggestions in the hope that they might cooperate. Information we received today from other sources indicates that there is a growing economic crisis in any case."

At another point, Gerrity related that Genseen, the board chairman and president, regarded the plan as "unworkable."

As Allende's election drew near without any "crisis" to prevent it, the ITT memos turned sour and pessimistic in tone, blaming the State Department for not taking a harder line, planning to lobby Congress and the White House for a stiffer U.S. policy.

## ITT: And Now Chile

Jack Anderson, in his column yesterday, quoted from purported ITT documents which state that ITT dealt with the Central Intelligence Agency over Chile and that the company tried (and failed) in 1970 to generate enough economic chaos there to trigger a military coup that would bring down the elected Marxist president, Salvador Allende. In his column today, Mr. Anderson goes on to show, from the purported ITT documents, that ITT pressed its anti-Allende campaign at the White House and State Department and with the Attorney General as well. On Sept. 15, 1970, one document says, the American ambassador in Santiago "finally received a message from the State Department giving him the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power." But, an ITT report of Oct. 16 said, "it is a fact that word was passed to Viaux [General Roberto Viaux, identified as ITT's choice of coup maker] from Washington to hold back last week . . ."

These allegations are astonishing. It is perhaps one matter that ITT—whose Chilean telephone property, valued by it some \$108 million, was nationalized last September—might seek to intervene in a foreign election, dealing with a CIA activist in Washington and seeking out in Santiago a general (Viaux) who is now in jail facing court-martial on charges of participating in the 1970 slaying of the army chief of staff. If true, this is outrageous enough. In any event, publication of the charge is likely to make it politically impossible for any Chilean government to consider ITT's compensation claim for a long time to come. In view of reports that Chile was about to make an important compromise on that claim, in order to break the political logjam in its foreign loan and

debt renegotiation situations, this is a particularly inopportune time for the story to break.

It is quite another matter, however, and a far graver one, that President Nixon stands charged, in what is purported to be an authentic ITT document, of personally approving an attempt to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power. This is a charge so serious that it is hard to see how anything short of a major congressional investigation can dispose of it. Hardly less pressing is the question of why, if a "green light" had been given on Sept. 15, it had turned red by Oct. 16. Could there have been a threat of exposure of a CIA hand possibly in the Senate? We do not know. So much of an open secret is the CIA's support of the victorious Christian Democrat Eduardo Frei in Chile's 1964 elections, however, that suggestions of a CIA role in 1970 cannot be easily dismissed.

That the latest Anderson columns will let President Allende play the aggrieved nationalist and thereby gain him months' reprieve from his own deep political troubles, goes without saying. The resultant surge of anti-American propaganda can be all too well predicted. What must concern Americans more, however, is the revealed troubles of our own. ITT is now accused of manipulating not only key aspects of domestic policy but of foreign policy as well. What kind of system is it that permits a powerful corporation to wander through the corridors of official power as though they were its own? How can it be—if it is so—that in 1970 an American President could consider the possibility of acting to prevent the democratically elected president of a supposedly friendly country from taking office? The Dismissal Swamp we have been talking of in connection with the affairs of ITT for some days is becoming ever more dismal.



from Texas introduced with cosponsors on January 16, 1973.

The following cosponsors of S. 371, being all of the present cosponsors, have agreed to the amendment:

Mr. BARTLETT, Mr. BELLMON, Mr. DOMENICI, Mr. FANNIN, Mr. HANSEN, Mr. STEVENS, Mr. DOLE, Mr. BENNETT, and Mr. GRAVEL.

I ask unanimous consent that the amendment be printed in the CONGRESSIONAL RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

#### AMENDMENT NO. 18

On page 3, lines 8 and 9, delete the following: "... if such person is not engaged in (or affiliated with any person engaged in) ..." and add the following: "whether or not such person is affiliated with any person engaged in".

#### ADDITIONAL COSPONSORS OF AN AMENDMENT

##### AMENDMENT NO. 6

At the request of Mr. SCHWEIKER, the Senator from Oklahoma (Mr. BELLMON), the Senator from Utah (Mr. BENNETT), the Senator from Nevada (Mr. BIBLE), the Senator from Arizona (Mr. FANNIN), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Montana (Mr. METCALF), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from New Jersey (Mr. WILLIAMS) were added as cosponsors of amendment No. 6 intended to be proposed to the bill (S. 800), the Victims of Crime Act of 1973.

#### NOTICE OF HEARINGS ON OMNIBUS DISTRICT COURT JUDGESHIPS

Mr. BURDICK. Mr. President, I wish to announce that a continuation of open public hearings have been scheduled before the Subcommittee on Improvements in Judicial Machinery relating to the recommendations made by the Judicial Conference of the United States (S. 597) that an additional 51 judgeships be created in selected judicial districts in the United States.

The hearings will be held in room 2228, Dirksen Office Building, commencing at 10 a.m. on February 27 and 28, 1973.

On February 27, testimony will be received from the chief judges of the Eastern District of Texas, Northern District of Oklahoma and the Eastern District of Tennessee.

On February 28, testimony will be received from the chief judges of the Northern and Southern Districts of Indiana and New Jersey.

Communications relative to these hearings should be directed to the subcommittee staff, 6306 Dirksen Office Building, extension 5-3618.

#### NOTICE OF HEARING ON A NOMINATION

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing by the full committee has been scheduled for Wednesday, February 28,

1973, at 10:30 a.m. in room 2228, Dirksen Office Building, on the following nomination:

Louis Patrick Gray III, of Connecticut, to be Director, Federal Bureau of Investigation.

Notice is hereby given to all persons requesting to testify on this nomination to file with the committee, in writing, on or before Tuesday, February 27, 1973, any representations or objections they may wish to present.

#### ANNOUNCEMENT OF HEARINGS ON ISSUES RAISED BY THE OPERATIONS BY THE OPERATIONS OF MULTINATIONAL CORPORATIONS

Mr. RIBICOFF. Mr. President, I would like to announce that the Subcommittee on International Trade of the Senate Finance Committee will hold hearings on the issues raised by the operations of multinational corporations beginning Monday, February 26, 1973.

The schedule of witnesses is as follows:

##### SCHEDULE OF WITNESSES

Monday, February 26, Peter M. Flanagan, Executive Director, Council on International Economic Policy and Special Assistant to the President.

Donald M. Kendall, Chairman of the Board of Pepsi Co. Inc., and Chairman, Emergency Committee for Foreign Trade.

Tuesday, February 27, Thomas A. Murphy, Vice Chairman of the Board, General Motors Corporation.

Wednesday, February 28, Frederick Dent, Secretary of Commerce.

Sam Fissar, International lawyer and author.

Thursday, March 1, Gilbert E. Jones, Chairman of the Board, IBM World Trade Corporation.

Leonard Woodcock, President, United Auto Workers Union of America.

Tuesday, March 6, George Meany, President, AFL-CIO.

Perry Wilson, Chairman of the Board, Union Carbide Corporation.

Mr. RIBICOFF. Mr. President, the United States international economic position is undergoing profound change—the devaluation of the dollar, our almost \$7 billion past year trade deficit, and our continuing high rate of unemployment demonstrate that new approaches are needed to deal with this new situation.

Of special interest is the emergence of the multinational corporation as a major factor in international production and trade. The production of these companies already accounts for about one-sixth of the gross world product and is growing at a faster rate than total world production.

The multinational firms' unique ability to combine capital, technology, and management from one country, with labor and raw materials from others, has truly internationalized the production process. But grave doubts have been voiced over the nature of these operations and the vast power at the command of these firms. Proponents of the multinational corporation argue that these firms create jobs, expand exports and markets, and help our balance of payments while contributing to the economic development of host countries.

Critics maintain that the operations of the multinational companies pose a

threat to the American standard of living, jobs and the industrial base of the United States by transferring technology and production overseas. They point out that capital, management and technology are internationally mobile, while labor clearly is not. They argue that the deterioration of the U.S. position in world trade and our current high rate of unemployment is due, in large measure, to the operation of our multinational firms.

To better understand this matter and what measures should be taken to deal with it, the subcommittee will be seeking answers to the following questions during the hearings:

First. What can be done to improve the competitive position of U.S. industry in world markets and to create additional employment in the United States, and what contributions can multinational companies make to this end?

Two. To what extent do foreign trade barriers and the actions of foreign governments encourage the shift of American productive facilities and technology to other countries, and how should these problems be treated?

Third. What will be the competitive position of our basic manufacturing industries 10 or 20 years from now if our present tax, trade, and antitrust laws continue to be essentially unchanged? What policies should the United States adopt to ease the effects of economic dislocations while seeking improvements in our competitive position in world trade?

Four. Are there realistic alternatives to the solutions embodied in the Hartke-Burke legislation?

#### NOTICE OF HEARING ON CERTAIN NOMINATIONS

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, February 28, 1973, at 10:30 a.m., in room 2228 Dirksen Office Building, on the following nominations:

Herbert A. Fogel, of Pennsylvania, to be U.S. district judge, Eastern District of Pennsylvania, vice Ralph C. Body, retired.

Joseph F. Weis, Jr., of Pennsylvania, to be U.S. circuit judge, Third Circuit, vice Abraham L. Freedman, deceased.

At the indicated time and place persons interested in the hearing may make such representations as may be pertinent.

The subcommittee consists of the Senator from Arkansas (Mr. McCLELLAN); the Senator from Nebraska (Mr. HRUSKA) and myself as chairman.

#### NOTICE OF HEARING ON A NOMINATION

Mr. TALMADGE. Mr. President, the Committee on Agriculture and Forestry has scheduled a hearing March 6 on the nomination of Robert V. Long, of California, to be an Assistant Secretary of Agriculture in charge of conservation, research, and education. The hearing will be in room 324 Russell Office Building, beginning at 10 a.m. Anyone wishing

February 21, 1973

## CONGRESSIONAL RECORD — SENATE

S 3009

civilian official we have pretended he was for two decades; the mushrooming trade contacts with China and visits by private citizens to China—all these developments demonstrate that we now have the best opportunity we have ever had to send an American Ambassador to Peking. The opportunity should not pass, and President Nixon, known above all for his bold steps in foreign policy, should not let it pass.

Why, then, do we hang back, and thereby jeopardize this golden opportunity? The answer is Taiwan. The problem, of course, centers upon the future of the government of Chiang Kai-shek and the island he controls. Today, more than 20 years after he left the mainland, the Chiang government still claims to be the government of mainland China. That claim is patently a fiction. The time is long overdue for the United States to accept the reality that Peking is here to stay, that it is a genuinely Chinese government and not a Soviet satellite, and that it, and it alone, controls the 800 million people of mainland China.

Yet, since 1950, the United States has always called the Chiang Kai-shek government on Taiwan the government of China for diplomatic purposes. We have pursued a one China policy—but always it was the wrong China. Now, at last, when we are within reach of our goal of fully embracing a one China policy that has the right China, we cannot allow ourselves to be lured astray by the foolish fiction or the siren call that Taiwan is really the government of China.

To me, the administration has it backward. We ought to have an Ambassador in Peking and be talking about possible lower level official contacts on Taiwan, instead of keeping an Ambassador to a fictitious China in Taiwan and talking about lower level contacts in Peking.

Instead of allowing the dilemma over Taiwan to bar relations with Peking, we should take a more imaginative approach, an approach that gives ample protection to the legitimate interests of the people of Taiwan, yet allows us to establish full relations with Peking. In this way, we can carry out the true spirit of President Nixon's pledge last year, that our action in seeking a new relationship with the People's Republic of China will not be at the expense of our old friends.

The resolution I am introducing today will achieve that purpose. It contains two principal provisions:

First, it calls on our Government to take immediate steps to establish full diplomatic relations with Peking.

Second, as the basis for negotiating such relations, the resolution calls on our Government to adopt four basic principles:

First. We should accept the Government of the People's Republic of China as the sole legitimate government of China.

Second. We should reaffirm the commitments contained in the Cairo Declaration of 1943 and the Potsdam Proclamation of 1945 that the island of Taiwan shall be restored to China.

Third. We should reaffirm the interest of the United States in the peaceful reunification of Taiwan with mainland China.

Fourth. And, we should make a unilateral guarantee of the security of the people on Taiwan until peaceful reunification has been achieved. In this way, we will be able to carry out our defense commitment to the people of Taiwan, even though our specific Mutual Defense Treaty of 1954 with Taiwan as the Republic of China would necessarily lapse, when U.S. relations are established with Peking as the government of China.

Necessarily, of course, the establishment of diplomatic relations with Peking will involve the end of diplomatic relations between the United States and Taiwan. We cannot maintain the fiction of a Two China policy in our own relations with the Chinese people, any more than we could foist such a Two China policy on the United Nations in 1971.

For too long, we have allowed our policy toward Taiwan to be dictated by ephemeral and shadowy symbols, rather than by the reality of conditions in the world. Taiwan will not collapse because our American Ambassador says farewell, any more than Taiwan collapsed because Peking was admitted to the United Nations. No, Taiwan is too strong, especially in the economic area, to be affected by the end of American diplomatic relations. The reality of American policy toward Taiwan is guided now, as it should be for the future, by the fixed star of America's firm commitment to prevent a forcible takeover of Taiwan against the wishes of her people. That is all our policy has to be, and that is all it ought to be.

I wish the facts were otherwise. In our optimism, we always hope that a reasonable solution can be found for every problem, an accommodation for every antagonism. It would be a happy occasion if, by hard work and good will, we could persuade the parties to a civil war that has been raging in one form or another in China for half a century to harmonize their differences.

Yet, our policy cannot be based on wishes and hopes. It must cope with reality. We cannot be naive enough to expect that the complex problems arising from the Chinese Civil War, World War II, the Korean war, and the Vietnam war can all be solved at once, or that America can ever hope to dictate the terms of an accommodation between Peking and Taiwan. The question of the status of Taiwan will take years to clarify. We cannot predict what the future holds in store, but we know that Washington does not have the answer. In the meantime, let us take the steps we can.

One more point should be made. We know that other nations are lining up to establish relations with Peking. Long after the American ping pong visit and Dr. Kissinger's dramatic trip in 1971 broke the ice for many of our allies, Japan began to move toward the establishment of diplomatic relations, and a Japanese Ambassador is now about to arrive in Peking. Other nations have also taken that dramatic step, including

many of our closest friends among the democracies of the Western World. Why should America go slow, while other nations pass us by?

Mr. President, I ask unanimous consent that the text of the resolution may be printed at this point in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

## SENATE RESOLUTION 68

Resolved, That the Senate declares:

1. That the United States should take immediate steps to establish full diplomatic relations with the People's Republic of China;

2. That, as the basis for negotiations to establish such diplomatic relations, the United States should make clear it is prepared:

(a) to recognize the Government of the People's Republic of China as the sole legitimate government of China;

(b) to reaffirm the commitment contained in the Cairo Declaration of 1943 and the Potsdam Proclamation of 1945 that Taiwan shall be restored to China;

(c) to reaffirm the interest of the United States in a peaceful reunification of Taiwan with mainland China; and

(d) to maintain a unilateral guarantee of the security of the people of Taiwan until peaceful reunification has been achieved by the Chinese people themselves.

## ADDITIONAL COSPONSORS OF RESOLUTIONS

## SENATE RESOLUTION 22

At the request of Mr. HUMPHREY, the Senator from Indiana (Mr. BAYH) was added as a cosponsor of Senate Resolution 22, a resolution to establish a new Senate rule governing opening meetings of committees and subcommittees.

## SENATE RESOLUTION 67

Mr. KENNEDY. Mr. President, I ask unanimous consent that the distinguished Senator from Utah (Mr. Moss) be considered as an original cosponsor of Senate Resolution 67, calling on the President to promote negotiations for a comprehensive test ban treaty. He had indicated his desire to be so listed prior to the original submission of this resolution and was incorrectly left off the list of cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

## ADDITIONAL COSPONSORS OF CONCURRENT RESOLUTION

## SENATE CONCURRENT RESOLUTION 11

At the request of Mr. EASTLAND, the Senator from Virginia (Mr. SCOTT) and the Senator from Maryland (Mr. MATTHIAS) were added as cosponsors of Senate Congressional Resolution 11, relating to the U.S. fishing industry.

## RATES AND CHARGES OF THE NATURAL GAS ACT—AMENDMENT

## AMENDMENT No. 18

(Ordered to be printed, and referred to the Committee on Commerce.)

Mr. HANSEN. Mr. President, on behalf of the Senator from Texas (Mr. TOWER), I submit a technical amendment to S. 371, a bill which the Senator

THE WASHINGTON POST

DATE 21 Mar '73 PAGE 1

# ITT Official Says CIA Man Backed Anti-Allende Plans

By Laurence Stern

Washington Post Staff Writer

A top Central Intelligence Agency operative "approved" plans by the International Telephone and Telegraph Corp. intended to block the election of President Salvador Allende in Chile in 1970, an ITT official told senators yesterday.

William R. Merriam, a vice president and former chief Washington representative for ITT, acknowledged that he and other executives of the corporation met repeatedly with the CIA executive—William V. Broe, Western Hemisphere Chief of Clandestine

Services—to discuss anti-Allende strategy.

He said Broe specifically gave his assent to an ITT plan to subsidize an anti-Allende newspaper in an effort to promote political opposition to the Marxist candidate in the 1970 election.

In a morning of halting testimony punctuated by frequent lapses of memory, Merriam gave the Senate Foreign Relations Subcommittee on Multinational Corporations a general picture of close liason between ITT and the CIA throughout 1970 and 1971.

The subcommittee, headed by Sen. Frank Church (D-Idaho), is negotiating with the CIA for Broe's testimony in order to determine to what extent he was carrying out the agency's policy in his dealings with ITT and other American companies.

At one point Merriam referred to Broe as "our man" in the agency. The CIA official, who held the equivalent of a GS-18 Civil Service rank, was in charge of all covert intelligence programs in Latin America and reportedly sat in on top-level National Security Council meetings dealing with his region.

He has since been transfer-

red to another job in the agency. The CIA is understood to have refused to permit him to testify publicly in the proceeding.

Merriam said he was introduced to Broe by ITT's board chairman and chief operating officer, Harold S. Geneen, at the Sheraton Carlton Hotel on the night of July 16, 1970. Geneen "told me to stay in touch with Mr. Broe," Merriam said.

Merriam testified he was unaware of Broe's role in the CIA's covert wing, which operates under the Deputy Director for Plans.

"I had no notion he was clandestine," the ITT official testified. "We had lunches in places where 300 or 400 people were present," he added to a roar of laughter from the committee room.

On one occasion, Merriam testified, Broe told him the CIA had contacted a group of American businesses in hopes of applying anti-Allende political pressure through concerted economic action.

In an Oct. 7, 1970 memo to Edward Gerrity Jr., ITT's senior vice president for corporate relations, Merriam related that Broe had told him "repeated calls to firms such as GM, Ford and banks in California and New York have drawn no offers of help. All have some sort of excuse." The memo was one in a series made public last year by columnist Jack Anderson.

Asked by subcommittee members who made the "repeated calls," Merriam said Broe told him it was the agency.

Merriam further confirmed that—on the strength of information from Broe—he had advised ITT board member and former CIA Director John McCone on Oct. 9, 1970 that the Nixon administration "will take a very, very hard line

when and if Allende is elected." In the memo Merriam reported Broe's assertion that all sources of U.S. monetary aid to Chile would be cut off "as soon as expropriations take place.

Pressed by members of the Senate panel on the sources of Broe's intelligence, Merriam replied that "I believe as a member of the CIA, he (Broe) had periodic meetings with the White House staff."

At one point Sen. Clifford P. Case (R-N.J.) incredulously asked Merriam why the CIA should ask ITT to pressure the White House on Chilean policy matters.

Sen. Stuart Symington (D-Mo.) observed that "the CIA reports only to the President."

"... And apparently to Mr. Merriam," Case snapped.

Merriam was transferred to Rome after the surfacing of the ITT papers and now specializes in international trade matters. He said that Broe used to send a special messenger to pick up ITT's own field intelligence reports, and that Broe regarded the ITT data from Chile as highly as any intelligence reports from other sources.

In February, 1971, ITT took a leading part in an effort by American business interests in Chile to put pressure on the Allende government against expropriation of their holdings.

The subcommittee made public an internal memo by Bank of America's Washington representative, Ronald R. Radatz. It described a meeting in Merriam's office on Feb. 9, 1971, attended by representatives of five other U.S. companies doing business in Chile: Anaconda, Kennecott, W. R. Grace, Pfizer Chemical and Ralston Purina.

"The thrust of the meeting," the memo related, "was toward the application of pressure on

the government wherever possible to make it clear that a Chilean takeover would not be tolerated without serious repercussions following.

"ITT believes that the place to apply pressure is through the office of Henry Kissinger. They feel that this office and the CIA are handling the Chile problem," Raddatz reported to his superiors.

Merriam described the meetings of an ad hoc committee "a very informal group." He acknowledged, however, that the Allende government had indicated at the time that it was prepared to bargain in good faith for compensation on the seizure of ITT's Chilean Telephone Co.

Speaking of the companies in the "ad hoc group," Church said "if I ever found out that those companies were meeting concerning an election of mine, I'd be concerned."

The ITT testimony and supporting documents show that the anti-Allende campaign was most intense between the Sept. 4, 1970 popular election and the final congressional runoff Oct. 24. Allende had to contend in the runoff because he failed to win a clean majority in the popular election.

During the interim period two ITT field operatives, Harold Hendrix and Robert Berrellez, recommended purchase of advertising by U.S. firms in the anti-Allende Mercurio chain of newspapers and the hiring of "propagandists" in radio and television to support Allende's opposition.

The object of the campaign was to restore Christian Democrat Eduardo Frei Montalvo, regarded by ITT as friendly to its interests, to the presidency through a series of political maneuvers. These proposals had been reviewed by Broe, according to Merriam's testimony.

In a press release issued at the start of yesterday's opening hearing, ITT said it had never taken any improper actions in Chile. "It is ITT's opinion that it is perfectly proper to appeal to the government to protect against unlawful expropriation and that the government is justified in taking requests of this kind into account so it may formulate appropriate national policy," the company said.

Under questioning by the subcommittee, Merriam acknowledged setting up a meeting in September, 1971 between Geneen and then-White House adviser on interna-

tional economic policy Peter Peterson. After the session Merriam sent Peterson an 18-point ITT draft program designed "to see that Allende does not get through the crucial next six months."

It included such measures as cutting off private lines of credit to Chile, subsidizing the anti-Allende press and discussing "with CIA how it can assist the six-month squeeze." Although credit restrictions were imposed on Chile by the Export-Import and Inter-American Development Banks, there is no evidence that the Nixon admin-

istration adopted the ITT program submitted to Peterson.

Merriam also acknowledged that former Treasury Secretary John Connally set up another meeting between Geneen and Peterson in April 1971, to discuss ITT's anti-trust differences with the Justice Department, which wanted the company to divest the \$2 billion Hartford Fire Insurance Co.

The Connally intercession was first disclosed last week end with the release of Securities and Exchange Commission internal working papers by the House Commerce Committee.

Resolved, That the Georgia Senate expresses its sincere regrets at their passing and expresses its most sincere admiration and affection for their heroism and service to mankind above and beyond the call of duty.

# ITT OFFERED CIA \$1 MILLION IN PLAN TO DEFEAT ALLENDE

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 22, 1973

Mr. ANDERSON of California. Mr. Speaker, all of us in public life are familiar with the activities of "lobbyists" who represent special interests, and who attempt to influence public policy by educating, informing, pleading, praising, and threatening those of us who write the country's laws.

Good or bad, it is a fact of life that these organizations—whether they be Common Cause or the Highway Users Federation—exist and attempt to influence legislation.

But, Mr. Speaker, the actions taken by the big multinational corporation leaders to undermine and attempt to overthrow the legitimate governments of other nations must not be condoned.

When we read in the daily press that these corporate leaders are attempting to create chaos and revolution—not on the basis of the best interest of the United States, but, rather, in search of more and more profits—we should take action to repudiate and disavow this conduct.

Driven by self-interest and corporate profits, not only are they interfering in the domestic affairs of foreign nations, they are also using their connections to worm their way into key positions in our Government where they make important decisions affecting all of us—perhaps insuring their own corporation's prestige and influence and, at the same time, deprecating our Nation's position in the world.

President Kennedy's creed—

Ask not what your country can do for you; Ask what you can do for your country—

Has been twisted by these big American corporate leaders to replace their old slogan "caveat emptor" with "corporation above country."

Mr. Speaker, the action described in this morning's paper makes me wonder how many of our young men who gave their lives in Indochina were sacrificed to placate the desires and interests of those who were not living by the Kennedy creed, but, instead, were seeking to maximize profits regardless of the cost in blood and national treasure.

Mr. Speaker, this is one of the reasons why in my bill, H.R. 258, I am asking for full financial disclosure of all in public service—appointed and elected—who earn over \$18,000 a year, so that we can determine whose interests they really serve.

At this point, I place in the RECORD the following article which appeared in today's Washington Post:

## ITT OFFERED CIA \$1 MILLION IN PLAN

### TO DEFEAT ALLENDE

(By Laurence Stern)

The Central Intelligence Agency's former director, John A. McCone, said yesterday he transmitted to the nation's top two intelligence officials an International Telephone and Telegraph Corp. offer to help finance a U.S. government effort to block the election of Chilean President Salvador Allende in 1970.

McCone, a wealthy California businessman with high governmental connections, told Senate investigators he made the pitch personally to national security adviser Henry Kissinger and to then CIA Director Richard M. Helms, whom he described as a "close personal friend."

The Nixon administration, he said, did not act on the plan wherein ITT board chairman and chief operating officer Harold S. Geneen offered to contribute a sum "up to seven figures" to subsidize an anti-Allende political coalition in a run-off election.

McCone, a white-haired bespectacled man of 71 years and commanding demeanor, also told the Senate Foreign Relations Subcommittee on Multinational Corporations that Helms agreed, at his request, to put Geneen in contact with the CIA's chief of covert Western Hemisphere operations, William V. Broe.

"It would be a natural thing for me to do," McCone testified. "Having communicated (to Helms) the views of the staff of ITT, it was very likely that I did suggest his staff contact Mr. Geneen."

At the time, Geneen was fearful that Allende would confiscate, after the election, ITT's \$150-million Chilean telephone company subsidiary and other holdings. The ITT chairman and his subordinates conducted an intensive campaign in Chile and Washington aimed at preventing Allende from taking office, according to evidence that has been presented in the inquiry.

Helms testified to the subcommittee at length on the CIA's role in the ITT campaign during a closed session on March 5, just before his departure for a new post as Ambassador to Iran.

Broe also was interrogated by the subcommittee but the testimony of both men has been kept secret until terms of its release are worked out with the agency.

McCone revealed yesterday that he has continued to serve as a consultant to the CIA since resigning from the directorship in 1965. He is also a director of ITT and it was in this capacity that he paid visits to Helms and Kissinger.

McCone, who was appointed to the CIA by President Kennedy in 1961, said he asked Helms "whether the government intended to do anything that might encourage support of a candidate (against Allende) who stood for principle basic in this country."

"Mr. Helms told me that the matter was considered by an interdepartmental committee of senior representatives of the Defense and State departments as well as the CIA, and the decision was reached that nothing should be done."

McCone was referred to the government's top-secret National Security Council committee for covert intelligence operations, the so-called 40 committee, which operates under Kissinger's direct authority.

Helms did say, however, that CIA had enough budget flexibility for a "minimal effort" to play a role in the convoluted Chilean political picture.

Under the Geneen proposal the government, with ITT financial backing, would support a coalition of the conservative National Party, headed by Jorge Alessandri Rodriguez, and the Christian Democratic Party headed by Radomiro Tomic Romero against Allende, a Socialist. As outlined in

ITT documents, the plan called for the election of Alessandri in the run-off. He would then resign and call for new elections. This would open the way for former President Eduardo Frei Montalva to run and perhaps defeat Allende in a two-way race.

This scheme, described in ITT documents as "The Alessandri Formula," was abandoned when Alessandri withdrew from the race, convinced that he did not have enough support in the Congress. Allende had previously won the popular vote but because of his narrow plurality had to contend in the run-off, which he won.

McCone testified that Geneen "told me he was prepared to put up as much as \$1 million in support of any government plan for the purpose of bringing about a coalition of opposition to Allende . . . to deprive Allende of his position. It would not be a plan generated by ITT or Mr. Geneen."

"I was asked if I supported it I did, and I came to Washington several days later and told Mr. Helms of the availability of the funds and then met with Mr. Kissinger and told him the same thing. Mr. Kissinger thanked me very much and said I'd hear from him and assumed it was national policy not to do it."

During the interval between Chile's popular and run-off election, said McCone, "a number of people were trying to explore alternatives about what might be done. The Chilean military was discussing the Alessandri Plan. Mr. Broe had a shopping list and the staff of the CIA had a shopping list."

Geneen's offer of a large financial contribution to the government was made "constructively," McCone said, comparing it, in principle, to American economic aid programs for Greece and Turkey, the Marshall Plan and the Berlin Airlift.

"International Communism has said time and again that its objective is the destruction of the Free World, economically, politically and militarily . . . That is what Mr. Geneen was thinking of."

ITT is currently negotiating with the Soviet government for construction of telephone services, hotels and establishment of rental car concessions in Moscow and other Russian cities.

Sen. Clifford P. Case (R-N.J.) asked McCone if one possible use for the Geneen fund would be the bribery of members of the Chilean congress to oppose Allende. "There was no such discussion," McCone replied. "Nothing of that sort was discussed with me nor was in the discussions with Mr. Helms."

McCone acknowledged to the subcommittee that "a great many unfortunate things happened in ITT activities in Washington" during the Chilean episode. "When the whole thing surfaced, very radical changes were made in Washington. He said ITT memos on policy in Chile, which were disclosed by columnist Jack Anderson, "were never submitted to me."

The former CIA chief said, however, that he saw nothing wrong with a corporation providing financial support to "a U.S. government plan" to intervene in the domestic politics of another country.

Senator Frank Church (D-Idaho) asked McCone how he would feel if the British Shell Corp. were to support an effort to defeat an American presidential candidate if a close election were thrown into the House of Representatives—a hypothetical case comparable to Chile's situation in 1970.

"I would be very distressed if anyone tried to influence the selection by Congress of a President," McCone replied. "I would be more distressed if I heard any corporation offered to support a political action on the part of a foreign government."

Church noted that the United States had provided Chile—prior to Allende's election—\$1.4 billion in economic aid during the 1960s "and the end result was the election of Mr. Allende."

THE HAZARDS OF MODERN FIBERS  
AND PLASTICS

**HON. ROBERT H. STEELE**

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 22, 1973

Mr. STEELE. Mr. Speaker, I know that my colleagues in the House are deeply concerned with the problems of fire prevention and safety in this country. As you are well aware, I have introduced nine bills in this vital area which have been cosponsored by 65 fellow Members of Congress, and have received a great deal of support from firefighters nationwide.

To keep you abreast of recent developments in fire safety I would like to bring to your attention an article appearing in the March issue of *International Fire Fighter*. It appears that Dr. Dressler, of Harvard University, and his team of researchers are near a major break in the mystery surrounding death by smoke inhalation. Their research has shown that modern fibers and plastics produce colorless, odorless fumes when burned which cause a dramatic rise in the carbon dioxide level in the atmosphere. Not only do these fumes create a deadly atmosphere in less than a minute after ignition, but also make most smoke detector systems obsolete. Dr. Dressler's tests have also shown that the present method used by plastics manufacturers to determine flammability and burning rates of their products is invalid.

This article reinforces the reasons for toxicity standards or other regulations that would require labeling for a fabric, related material, or product that may be needed to protect the public against unreasonable risk of death or personal injury from toxic byproducts by burning of thermal degradation of the fabric, related material, or product.

My bill, H.R. 116, would provide the means, for not only safeguarding the public from the occurrence of fire, but

also address itself to the clear and present dangers associated with the burning of today's highly toxic materials.

The article follows:

**FIBERS, PLASTIC FUMES CAUSE SMOKE DEATHS**

A short time ago, 50 Cambridge, Mass., fire fighters were felled while fighting a building fire. All the men subsequently recovered, but a Harvard University professor, Dr. Donald P. Dressler, wondered what gases were involved to render the men unconscious so quickly and apparently, without warning.

As a result, Dr. Dressler and a team of researchers obtained some unburned plastic samples from the Cambridge fire. Their experiments may result in a major break in the mystery-surrounding death by smoke inhalation.

Evidence from fire tests with plastics and modern fibers shows that colorless, odorless fumes quickly displace oxygen and cause a dramatic rise in the carbon dioxide level of the atmosphere.

Thus a person is either killed or rendered unconscious in the early stages of a fire involving these materials. If he is knocked out, he soon succumbs to other lethal fumes that rapidly follow.

**HIGH CO<sub>2</sub> LEVEL**

Tests show that the Cambridge fire fighters were probably knocked out by a high level of CO<sub>2</sub> rather than by toxic gases.

Results of the research may have made most smoke detector systems obsolete.

"We know that this colorless, odorless gas permeates the atmosphere before smoke can be detected," said Dr. Dressler. "We need a device that will detect the gas. Plastics will have to be permeated with something which will permit immediate detection."

During the fire tests, the carbon dioxide level rises at varying speeds depending on the materials burned. Plastics and acrylics create a deadly atmosphere less than a minute after ignition.

Working on the project with Dr. Dressler are Dr. Anne Phillips, a burn specialist who is a member of the President's Commission on Fire Prevention and Control and Dr. Edna Butaney, a resident fellow in anesthesiology. Microbiologist William Skornik and technician Richard Sprenger round out the team working at Cambridge's Youville Hospital laboratories.

Their discovery pinpointing carbon dioxide as the fire villain was almost an ac-

cident. The focal point of their project was to determine human tolerance to smoke at different temperatures.

They hope to come up with a treatment for smoke inhalation, a scourge which kills 7,000 persons and hospitalizes 200,000 others in the United States annually.

The researchers are working under a two-year, \$43,656 grant from the National Institute of Health. They hope that some of the side benefits of their study may help another research team at Harvard which is trying to develop a smoke mask for fire fighters.

Dr. Dressler's tests have shown that the method used by plastics manufacturers to determine flammability and burning rates of their products is invalid. These are assessed in relation to the flammability and burn rates for oak flooring which, the researchers say, is a poor comparison.

Spun glass reinforced acrylic commonly used in home wall decorations, room dividers or as light diffusers, officially has a "slow burning rate."

But tests exposing it to the heat of an ordinary electric toaster indicate otherwise. Within one minute a 4 x 4-inch panel started to smoke, and rats exposed to the fumes showed signs of euphoria. After two minutes with light smoke barely visible, the rats were unconscious and seconds later they died even before heavy smoke started to pour from the panel.

Similar results were obtained with a quarter-inch green plastic panel, the type commonly used in airplane canopies and to diffuse light in shopping centers. This material, too, had a "slow burn rate."

In both cases the burn rate under laboratory tests proved very fast. In each instance there was a sudden drop in the oxygen level of the room and a rapid rise in its carbon dioxide content.

Dr. Dressler explained that the carbon dioxide poisoned the rats' blood supply even before heavy smoke came into the chamber.

A heavy smoker or a person who is exposed to smoke constantly, such as a fire fighter, would have even less tolerance than the test animals, Dr. Dressler said.

The team still has 10 months left of its federal grant. If the study is funded to its conclusion, the results could have far-reaching effects in the building and construction industries.

And if it leads to a better understanding of what smoke inhalation does to humans—many lives will be saved.





United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 93<sup>d</sup> CONGRESS, FIRST SESSION

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No. 45

## House of Representatives

The House met at 12 o'clock noon.  
Rev. Sviatoslau Kous, Byelorussian Orthodox Church, New York, N.Y., offered the following prayer:

Our Lord, and God Jesus Christ, receive from us, Your humble servants, our most sincere prayers and in forgiving our sins bless all our enemies and those who would do harm unto us. Rather, show our enemies the true goodness of man. Those of us who believe in Your righteousness ask that we may never be led astray. Keep in Your grace the people of these United States of America and give guidance to our democratic principles.

Hear the lament of my Byelorussian people crying day and night for freedom. Give unto these people, through Your sacrifice, peace, and tranquillity. Do not forsake those who have forsaken You but rather make Your truth appear to all mankind. Amen.

### THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Without objection, the Journal stands approved.

There was no objection.

### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Leonard, one of his secretaries.

### REVEREND KOUS DELIVERS OPENING PRAYER

(Mr. ADDABBO asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. ADDABBO. Mr. Speaker, the opening prayer in the House of Representatives was delivered today by the Reverend Sviatoslau Kous, rector of the American-Byelorussian St. Cyril of Turov Independent Greek Orthodox Church in Richmond Hill, N.Y. It is an honor for all the residents of the Seventh

Congressional District in Queens, N.Y., to have Reverend Kous here today and I am proud that he was invited to deliver the opening prayer.

The Greek Orthodox church in Richmond Hill where Reverend Kous serves as rector is newly built and was consecrated on October 29, 1972. Reverend Kous was born in Wilno, Byelorussia, and graduated from the Stephen Batory University in Wilno.

He came to the United States in 1949 and was ordained to be a priest by the Metropolitan Germanos of the Greek Orthodox Church on February 9, 1969. Reverend Kous, in addition to his duties as rector of the church, teaches at the high school in South River, N.J., where he lives.

It is particularly appropriate for Reverend Kous to lead us in prayer this week because March 25 will mark the 55th anniversary of the proclamation of independence of the Byelorussian Democratic Republic.

On behalf of my constituents and my colleagues in the House of Representatives, I thank Reverend Kous for being with us today to deliver the opening prayer.

### ITT—\$1 MILLION DONATION CONTAMINATES THE PURPOSE OF CIA

(Mr. VANIK asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. VANIK. Mr. Speaker, yesterday's disclosures of an offer by the International Telephone & Telegraph Corp. to contribute up to \$1 million in support of any Government plan for the purpose of bringing about a coalition of opposition to President Allende of Chile suggests the likelihood of precedence and pattern of private and corporate contributions to the Central Intelligence Agency to fund activities and operations of special interest to such contributors.

It is shocking if such contributions are legal or have been made in the past. If an agency of the Federal Government can receive private contributions for specific activities of a public agency or department, the commingling of private resources with the Federal funds of a

Government agency contaminates the public purpose of the agency. If an agency or department of the Federal Government can receive such funds to provide direction or support of a specific goal or purpose, it opens up a form of bureaucratic bribery which should be prohibited.

I am currently preparing legislation precluding any agency or department of the Federal Government from receiving any gift which can contaminate its purposes. If a corporation or individual desires to make a gift to the Government, let it be made to the Treasurer of the United States—or let it be paid in the form of equitable income taxes.

I am also requesting those charged with oversight to examine the extent of private and corporate contributions to the Central Intelligence Agency.

### ROBERT M. BALL: A GREAT PUBLIC SERVANT

(Mr. MATSUNAGA asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MATSUNAGA. Mr. Speaker, one of our Nation's most outstanding public servants left office last Saturday after more than 20 years of dedicated service to the American people. I am referring, of course, to Robert M. Ball, who, for nearly 11 years, served as Commissioner of Social Security.

During Commissioner Ball's tenure at the Social Security Administration, that agency was recognized as one of the most effective and efficient in the Federal Government. Mr. Ball himself won the praise and respect of elected and appointed officials at all levels of government.

The Commissioner's real reward, however, is the knowledge that he has made life immeasurably better for millions of retired and disabled Americans. Older Americans will not forget that it was Robert M. Ball who fought for the enactment of the medicare program and Robert M. Ball who successfully advocated three increases in social security benefits during the last 4 years. As a result of his efforts in their behalf, older Americans are now able to face their retirement

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years with more confidence and the blind, disabled, and needy have made significant strides forward. It is indeed a great loss to our country that Commissioner Ball was not asked to remain in his position.

I know that my colleagues on both sides of the aisle will join me in extending warmest aloha to Commissioner Ball and wishing him success and happiness in his future endeavors, including, hopefully, a return to public service.

#### PERSONAL EXPLANATION

Mr. BRADEMAS. Mr. Speaker, I was unavoidably detained in returning to the floor of the House on March 1 for rollcall No. 30, the vote on final passage of H.R. 3298. Had I been present, I would have voted in favor of this legislation.

Also, Mr. Speaker, I was unavoidably detained in arriving on the House floor on March 20 for rollcall No. 52. Had I been present, I would have voted in favor of this resolution.

#### PRESIDENT NIXON'S ANTICRIME PROPOSALS

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MONTGOMERY. Mr. Speaker, the need for speedy consideration of President Nixon's anticrime proposals was pointed up this past weekend when the U.S. magistrate handling the hearing for the alleged attackers of Senator JOHN STENNIS greatly reduced the amount of bail being requested by the U.S. attorney's office. I was greatly shocked to learn that one of the suspects had been released on an unsecured bond of \$5,000 and another had the amount of bail reduced from \$25,000 to \$10,000.

We are not talking about simple assault or a mugging, we are talking about suspects in an armed robbery and attempted murder case, plus assault on a Federal official.

Mr. Speaker, I feel the President's proposals will end this leniency on the part of some courts that appear to take more interest in protecting the criminal than they do the rights of the victims of crime.

#### DEVELOPMENT OF THE NATIONAL FOREST SYSTEM

(Mr. MARTIN of Nebraska asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. MARTIN of Nebraska. Mr. Speaker, I am today introducing legislation which I believe will help to alleviate on a long-term basis the tremendous shortage of lumber. The bill which I am introducing provides for a balanced and efficient protection and development of the national forest system and privately owned forest lands through the establishment of a forest lands planning and investment fund.

The bill would set up a revolving fund to utilize receipts from the sale of timber from Federal forests, but the money

would still have to be appropriated by the Appropriations Committee of the Congress.

It is a supply act per se because in section 5 of the bill it provides specifically for reforestation and stand improvement; nursery development; tree improvement; recreation construction and construction to facilitate visitor education and interpretive services, water resource development construction; construction projects for fire protection and general administration, pollution abatement; wildlife habitat improvement; range revegetation and improvement; and fuel modification; watershed restoration and improvement; land status and landline location; land classification; and geomechanics.

The bill would provide additional funding to the Forest Service to enable them to use modern sustained methods of reforestation. By the planting of cut-over lands and by up-to-date methods of cultivation, fertilization, and thinning by utilizing modern sustained yield methods of forestry, growth of a Douglas fir tree can be speeded up by 40 percent. This would guarantee adequate lumber for future needs and complete replacement of cut lumber. The present lumber situation is very chaotic due to a tremendous demand and a shortage of supply. On the long-term basis my bill would help to alleviate this situation.

#### MANAGEMENT OF THE NATIONAL FORESTS

(Mr. WYATT asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. WYATT. Mr. Speaker, the lumber and plywood markets are in a state of turmoil today with prices skyrocketing and no relief yet in sight. Yet the present chief of the Forest Service has stated publicly that the allowable cut from the national forests can be increased by 50 percent with adequate funding to grow new forests. The allowable cut is that amount of timber which can be harvested each year and replenished so that the national forest may produce timber in perpetuity with no peril of exhaustion.

Both the Senate and House Banking Committees called for more intensive management of the national forests following exhaustive investigations of softwood lumber and plywood supply and price problems in 1969. Similar action was urged by a presidential task force in 1970. But these recommendations were never carried out.

Federal timber sales programs return nearly \$4 to the Federal Treasury for each dollar invested and that must be a remarkable return for anyone's money. In spite of this, the Forest Service lacks a dependable source of funding to maximize timber production and insure that the forest environment is able to sustain increasing demands for recreation of all kinds.

As the major custodian of the Nation's standing sawtimber, the Forest Service needs both dollars and manpower. The need is critical if the national forests are to continue to supply wood fiber at rea-

sonable prices to meet unprecedented demands for construction materials to house its people. Surely the richest nation in the world can afford to provide intensive management for its forests which have the capacity to provide us indefinitely with their bounty.

#### SUMMER JOB PROGRAM

(Mr. O'NEILL asked and was given permission to address the House for 1 minute, to revise and extend his remarks and include extraneous matter.)

Mr. O'NEILL. Mr. Speaker, the President has announced an interesting new way to close the generation gap between teenagers and adults. He wants to pit them in head-to-head competition for jobs this summer.

Mr. Nixon has finally recognized the necessity for a summer job program for youngsters—a program like the ones we have had for several years now. In fact, the President has requested, and the Congress has funded, a summer job program for this year.

But now Mr. Nixon tells us he does not want to use the funds we have allocated for that purpose. He wants to take the cost of the youth program out of the equally important public employment program which in the past 2 years has provided work for as many as 220,000 adults. The beneficiaries of PEP have been the returning Vietnam veteran, the welfare recipient and other unemployed, who have suffered as a result of the joblessness caused by Mr. Nixon's economic policies these past 4 years.

This PEP program, you will remember, is another one of those marked for extermination by this administration.

Mr. Speaker, I firmly believe that we need a summer job program. But I do not believe that we should bleed the beneficiaries of PEP to pay for it. I think that both programs can stand on their own merits. I think there are places in President Nixon's big-business-oriented budget where we can trim, if we have to, to pay for two vitally important employment programs.

As a prominent Capitol Hill colleague said yesterday of the President's high-handed action:

This is impoundment and breach of promise. Cities are left with the Hobson's choice of firing the father in order to hire the son.

#### AMERICAN FOREIGN ECONOMIC POLICY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, referred to the Committee on Banking and Currency:

*To the Congress of the United States:*

The Nation is again at peace. We also are firmly on the course of strong economic growth at home. Now we must turn more of our attention to the urgent problems we face in our economic dealings with other nations. International problems may seem to some of us to be far away, but they have a very direct impact

# McCone Defends I.T.T. Chile Fund Idea

## Denies Company Sought to Create Chaos to Balk Allende Election

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, March 21—John A. McCone, former head of the Central Intelligence Agency and now a director of the International Telephone and Telegraph Corporation, denied repeatedly today that a fund of \$1-million or more that the company had offered the United States Government for use in Chile had been intended to finance anything "surreptitious."

The willingness of I.T.T. to commit the money to the cause of preventing the election of Salvador Allende Gossens, a Marxist, as President of Chile was apparently made known both to the C.I.A. and to Henry A. Kissinger, President Nixon's adviser on national security. The person who decided to offer the money was Harold S. Geneen, board chairman of I.T.T.

Mr. McCone no longer headed the C.I.A. at the time of Mr. Geneen's original offer, in mid-1970, though he was still a consultant to the agency. He said that as an I.T.T. director he had not been told of the offer until after the first phase of the Chilean election in September, 1970, in which Dr. Allende won a plurality but not a majority.

Dr. Allende was elected by the Chilean Congress a month later and took office in November, 1970. Subsequently he took over business properties belonging to I.T.T. and some other United States companies.

Mr. McCone was testifying today before a special subcommittee of the Senate Foreign Relations Committee that is looking into the activities of American corporations that operate all over the world.

Mr. McCone said that at no time had Mr. Geneen contemplated that the proffered fund of "up to even figures" would be used to create "economic chaos," despite repeated recom-

mendations to that effect from various people within I.T.T. and others within the C.I.A.

"What he had in mind was not chaos," Mr. McCone said, "but what could be done constructively. The money was to be channeled to people who support the principles and programs the United States stands for against the programs of the Allende Marxists."

These programs, he said, included the building of needed housing and technical assistance to Chilean agriculture.

Both Democratic and Republican members of the subcommittee reacted with considerable skepticism.

Senator Frank Church, Democrat of Idaho, the chairman of the subcommittee on multinational corporations, noted that there was nothing in the scores of internal I.T.T. documents in the committee's possession that indicated the money was for such "constructive uses."

Senator Clifford P. Chase, Republican of New Jersey, asked whether the money might not have been intended to bribe members of the Chilean Congress, who had to decide the election, since none of the three candidates had won a majority. Mr. McCone denied this.

### Economic Aid Noted

Senator Case noted that the United States had put more than \$1-billion in economic aid into Chile in the decade before the election of Dr. Allende and that he was elected anyway.

"How could a man of Mr. Geneen's intelligence possibly think that \$1-million for these kinds of purposes in six weeks could make any difference?" he asked, referring to the period remaining before the Chilean Congress decided the election. "I have too much respect for his intelligence to think that."

Senator Charles H. Percy, Republican of Illinois, suggested that another way in which \$1-million might have been used to real effect would have been in subsidizing anti-Allende newspapers, which were in financial difficulties.

Other testimony has showed that I.T.T. officials had proposed this, but, according to Mr. Hendrix, the company's director of public relations for Latin America, the plan was never approved.

Mr. Hendrix, who was another of today's witnesses, explained that he had proposed doubling the advertising in such newspapers by Chitelco, the Chilean telephone company owned by I.T.T.

But he said this was vetoed by Chitelco officials "and other executives in New York" because they feared the purpose would be too obvious.

### Chilean Source Cited

Mr. Hendrix also disclosed that the source of one of the most widely discussed assertions contained in the internal I.T.T. memoranda that have come to light—that in September, 1970, the American Ambassador to Chile, Edward M. Korry, had received a "green light" from President Nixon to do all possible short of military action to keep Dr. Allende from taking power—was Chilean, not American.

Mr. Hendrix said that the information had come to him from a highly placed member of the Christian Democratic party, which was opposed to Mr. Allende, a man whom he had known and trusted for years.

Mr. McCone disclosed that as head of the C.I.A. he had received offers of financial help, similar to that made later by I.T.T., from various American corporations.

Such offers were infrequent, he said, and had always been "summarily rejected."

A main point in Mr. McCone's testimony was that none of the plans for interfering in the Chilean election—either by the C.I.A. or by I.T.T.—had been approved by the necessary high officials in either the Government or the company.

### Propriety Questioned

Senator Edmund S. Muskie, Democrat of Maine, expressed concern, however, that the plans were ever "seriously considered."

"The instinct for returning to such measures in the future will be very strong and that's what concerns us," he said.

Senator Church questioned the propriety of interference by either the American Government or a company in what appeared to be a free election, no matter how much the United States might dislike the outcome.

Mr. McCone replied that "almost two-thirds of the people of Chile were opposed to Allende."

The popular vote in the election had split fairly evenly among the three candidates, with Dr. Allende receiving a small plurality.

Mr. McCone said that his general philosophy about private corporate involvement in situations such as that in Chile was that any action taken should conform with governmental policy. That is what I.T.T. was proposing, he said.

Senator Church suggested that private financing of such activities abroad was potentially so dangerous—partly because it would put the operations beyond Congressional control—that it might be wise to pass a law forbidding it.

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# ITT Testimony Meets Skepticism

By Laurence Stern  
Washington Post Staff Writer

The purpose of a mysterious million-dollar proffer by the International Telephone and Telegraph Corp. to solve its problems in Chile became the subject of sharply conflicting testimony in the Senate yesterday.

Edward Gerrity, ITT senior vice president for corporate relations, told incredulous senators that the 1970 proposal by ITT board chairman Harold S. Geneen was intended to promote housing and agriculture in Chile.

On Wednesday former Central Intelligence Agency director John A. McCone said he had transmitted to the White House and CIA Geneen's offer of a large sum of money to help finance a U.S. government plan to block the election of Chilean President Salvador Allende in 1970.

Gerrity, in his appearance before the Senate Foreign Relations Subcommittee on Multinational Corporations, said he was "baffled" by McCone's account of what Geneen proposed to do with the money. "The first I heard about it was here yesterday," Gerrity testified.

McCone, in his testimony, also alluded to suggestions by Geneen that private money be provided for housing and social purposes in Chile. But he specifically affirmed, in response to questions, that Geneen "told me



By Harry Natichayan—The Washington Post

**Edward Gerrity: the million-dollar misunderstanding.**

he was prepared to put up as much as \$1 million in support of any government plan for the purpose of bringing about a coalition of opposition to Allende . . . to deprive Allende of his position."

Gerrity's testimony was

also in conflict with that of a subordinate, Jack Neal of ITT's Washington staff.

Gerrity said Neal was dispatched as a "messenger" to convey Geneen's offer of social assistance to the National Security Council staff and the State Department.

But Neal has already told the subcommittee that he conveyed no such proposal either to the White House or State Department.

A former assistant secretary of state for inter-American relations, Charles Meyer, is also understood to have told the subcommittee that no such offer by ITT of humanitarian aid was conveyed to him by Neal.

The key to this conflict in the sworn testimony of McCone and Gerrity will be the testimony of Geneen, who is due before the subcommittee next week. Another witness who may play a crucial role in unravelling the inconsistencies is the CIA's former chief of clandestine services for the western hemisphere, William V. Broe.

By arrangement between McCone and former CIA Director Richard M. Helms, Broe and Geneen conferred in a room at the Sheraton Carlton on the night of July 16, 1970, for the latter part of an hour. What conspired in the conversation has not yet surfaced in the inquiry.

On Wednesday, subcommittee counsel Jerome Levinson posed this question to McCone about the Broe-Geneen meeting: "Did Mr. Geneen advise him (Broe) that he was willing to assemble an election fund for one of the Chilean candidates (opposing Allende) and that the fund would be substan-

See ITT, A12, Col. 1

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"trial one?" McCone said he was not so advised.

Yesterday, assistant counsel Jack Blum asked Gerrity if he knew of a follow-up phone conversation between Geneen and Broe on July 27. Gerrity said he did not.

The subcommittee is negotiating with the CIA for Broe's testimony on the July 16 meeting with Geneen and any subsequent conversations they may have had. The answers are crucial in defining ITT's dealings with the CIA and perhaps other administration contacts on the controversial Chilean affair.

Immediately at stake in the outcome of the hearings is whether ITT will be entitled to reimbursement from the Overseas Private Investment Corp., a government agency, for Chile's seizure of ITT's Chilean telephone company subsidiary.

If it can be demonstrated that ITT provoked the host government into the confiscation action by its behavior in Chile, the firm would not be entitled to reimbursement of its \$92.5 million claim.

Sen. Clifford P. Case (R-N.J.), upon hearing Gerrity's testimony on Geneen's million-dollar fund proposal, described it as "the cover story for the day."

Sen. Charles Percy (R-Ill.) exclaimed, "The implausibility of this story is what bothers me. . . . These are problems you would take to the State Department and HUD rather than the CIA. It's just unbelievable."

Sen. Edmund S. Muskie (D-Maine) also expressed skepticism. "All the evidence on file suggests destructive rather than constructive purposes," he said.

"It just doesn't make sense," mused subcommittee Chairman Frank Church (D-Idaho). "You could read and re-read and re-read these files and never get the slightest impression that you planned to build houses and offer technical assistance to agriculture."

The memoranda from ITT field operatives and between Washington and New York allude to efforts to encourage anti-Allende politicians, military figures and newspapers in an attempt to prevent him from getting the presidency in a runoff election by the

Chilean Congress after he won by a narrow plurality in the popular election on September 4, 1970.

The Chilean embassy issued a statement yesterday that it was negotiating with ITT to compensate the firm for losses growing out of nationalization of the company. It said it broke off the negotiations only after publication by columnist Jack Anderson of the internal ITT papers describing anti-Allende activities and sentiments of ITT executives.

"While Chile was holding conversation in good faith with ITT representatives in Santiago as well as in Washington, the latter conspired to overthrow the freely elected Chilean government," the embassy said.

The ITT vice president for Western Hemisphere operations, John Guilfoyle, told the subcommittee in response that Chilean authorities were harassing the telephone subsidiary and its employees both before and after taking control of it in September, 1971.

At the request of Church, ITT yesterday provided the subcommittee with documents impounded last October by the Justice Department dealing with meetings

between Geneen and former Attorney General John Mitchell on the conglomerate's antitrust difficulties with the Justice Department.

The troubles stemmed from efforts by former Antitrust Division chief Richard McLaren to force the divestiture by ITT of the Hartford Fire Insurance Co., a \$2 billion enterprise, and other holdings.

The dossier includes a "Dear Ted" note from Gerrity to Vice President Spiro T. Agnew dated Aug. 7, thanking the Vice President for "your assistance concerning the attached memo." The memo describes a meeting between Geneen and Mitchell.

The note said: "Our problem is to get to John the facts concerning McLaren's attitude because, as my memo indicates, McLaren seems to be running all by himself. . . . After you read this, I would appreciate your reaction on how we should proceed."

The memo quotes Mitchell as telling Geneen that "the President was not opposed to mergers per se, that he believed some mergers were good." In earlier press accounts of this memo, based only on government summaries of its contents, Mitchell is quoted as saying that Mr. Nixon was not opposed to "the merger."

It had been assumed that Mitchell was referring specifically to the ITT-Hartford Insurance merger McLaren unsuccessfully sought to dissolve. Mitchell, in testimony to the Senate Judiciary Committee last year, denied talking to Geneen about the Hartford case, although he acknowledged meeting with the ITT head on matters of general antitrust policy.

The Subcommittee is to resume its hearings Tuesday.

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The Washington Merry-Go-Round

THE WASHINGTON POST Friday, March 23, 1973

D17

# Cambodian Is Key to Nixon Strategy

By Jack Anderson

The success of President Nixon's strategy in Indochina depends heavily upon Cambodia's ailing, erratic President Lon Nol, who is now regarded in Washington as the best bet against a Communist takeover.

If Cambodia should fall under Communist control, South Vietnam would become highly vulnerable to Communist infiltration, isolation and eventual overthrow.

Yet only a few months ago, Washington wanted Lon Nol replaced by a more stable leader. The Central Intelligence Agency quoted prominent palace sources as saying the Cambodian chief executive had suffered a serious stroke and had taken "leave of his senses."

A CIA source used the French phrase, "etre desespare," to describe Lon Nol's mental instability. Another source told the CIA that Sirik Matak, a power in Phnom Penh, had confided sorrowfully that "Lon Nol is a sick man, both physically and mentally," and that "his intellectual processes no longer function as they once did."

In another secret dispatch from Phnom Penh, the CIA reported that "the Cabinet has discussed ways and means of easing (Lon Nol) out of the day to day conduct of government business." Later three of his most powerful associates, ac-

cording to the CIA, urged him to give up the presidency and accept the ceremonial post of chief of state immediately. Sirik Matak added that a new constitution could be promulgated quickly and it would be assured that Lon Nol would continue as chief of state.

"Lon Nol" reported the CIA, "replied that he did not intend to be chief of state at this time (but) . . . that he would be prime minister and head of government under the new constitution as under the old."

The policy makers in Washington privately hoped that Sirik Matak, himself, an able administrator, would take over the helm and that Lon Nol could be persuaded to come to America for therapy. But no longer. Lon Nol has now regained the use of some of his paralyzed limbs and has sharpened mentally although he still isn't the strong, vigorous leader he was before his stroke.

But Washington considers him the "cementing factor" who can best hold the shaky Cambodian government together and resist Communist encroachment. The prospects are poor for a Cambodian cease-fire such as have been signed in Vietnam and Laos. President Nixon is anxious, meanwhile, to see the Lon Nol regime remain in power. For the Joint Chiefs have warned that if the Communists grab

Cambodia, reopen its port to military shipments and turn the country into a base for guerrilla operations against South Vietnam, the Saigon regime could not survive.

The President dropped tons of bombs and gambled thousands of American lives to prevent a Communist takeover of South Vietnam. That is how Lon Nol suddenly has become a key man in the President's Indochina strategy.

Footnote: The bombing of the presidential palace last weekend is believed by the CIA to have been a wild attempt by the pilot to assassinate Lon Nol, not a larger palace plot against him as some rumors out of Phnom Penh have hinted.

## Maritime Spying

U.S. maritime officials don't talk about it, but they rely on espionage to compute subsidy payments to shipping companies.

The actual spying is done by a joint labor-management committee. The union furnishes the spies, and the shippers put up the money. Their secret mission is to sneak salary information off foreign ships.

This is needed by the government to calculate the difference between what foreign and American seamen are paid. Because foreign lines pay lower wages, the government makes up the difference so American ships can com-

pete in the world maritime industry.

The foreign shippers, not eager to help their American competition, refuse to provide the payroll information voluntarily. So union undercover men slip aboard ships from England, Sweden, Brazil, Israel and elsewhere to buy the information.

The data from the individual ships is processed by the Labor-Management Maritime Committee, which turns it over to the Maritime Commission. Under this clandestine arrangement, the union collects a fee from management for its espionage, and management collects a subsidy from the government.

The Maritime Commission, of course, knows all about the espionage but pretends it doesn't.

Footnote: This spying for subsidies was organized largely by Joe Curran, who retired March 1 after more than 36 years as president of the National Maritime Union. His pension rights amount to a whopping \$1 million. Dissident union members, however, won a temporary restraining order, which has kept the old labor leader from collecting his first payment. The dissidents have charged that Curran seldom worked during his last years as union chief but rather spent his time fishing off the Florida coast.

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# I.T.T. Officials in Conflict On Purpose of Chile Fund

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, March 22—A clear-cut conflict in the testimony of three officials of the International Telephone and Telegraph Corporation emerged today as a Senate subcommittee continued its inquiry into the company's alleged attempts to prevent the election of Salvador Allende Gossens, a Marxist, as President of Chile.

At issue was the question of what use was supposed to be made of the \$1-million or more that the chairman of I.T.T. offered to the Federal Government in 1970—whether it was for "constructive" purposes or for covert means to prevent the election of Dr. Allende.

Today's hearings also disclosed that I.T.T. officials planned to make a deal with Dr. Allende, after he became President, under which they would be paid full value for the telephone company that

pany, an Exxon subsidiary, but paid for its take-over of the telephone company owned by I.T.T.

The plan was never put into effect in Chile because the Allende Government broke off negotiations over the purchase of the telephone company after publication of internal I.T.T. documents showing company

plans for interference in the 1970 election.

Among other developments, the subcommittee made public internal I.T.T. documents that bore mainly on the company's attempts to bring pressure on the Justice Department to settle three antitrust suits against the company.

They included a letter from Edward Gerrity, I.T.T.'s senior vice president for corporate relations and advertising, to Vice President Agnew in which Mr. Gerrity said, "I deeply appreciate your assistance" but did not explain for what.

Mr. Gerrity then asked for further help in getting to the then Attorney General, John N.

The summary indicated that Mr. Mitchell had talked directly with President Nixon about the suits, contrary to what he testified last year. The complete documents do not support the implication that Mr. Mitchell discussed the matter with the President.

The newly released documents also contained details about a party that was to be given in 1970 at the farm of Rogers C. B. Morton, now Secretary of the Interior.

Among those who were to be present were Harold S. Geneen, the chairman of I.T.T.; Attorney General Mitchell; Vice President Agnew and his wife; a

mid-1970, before the first phase of the Chilean election, it was for "constructive" purposes, such as low-cost housing.

Later, Mr. McCone said, after Dr. Allende had won a plurality but not a majority of the vote in September, the money was intended to finance an anti-Allende coalition in the Chilean Congress, which had to make the final choice of a president.

Today Mr. Gerrity insisted the purpose was always "constructive."

He was asked who made the offer to the Government after the September election and he said it had been Mr. Neal,

who made it to the Assistant Secretary of State for Latin American Affairs, Charles A. Meyer.

Jerome Levinson, counsel to the special subcommittee on multinational corporations, then read back Tuesday's testimony by Mr. Neal on his meeting with Mr. Meyer in which he said "I didn't elaborate" or what the \$1-million would be used for. "We didn't go into it," he said then.

The subcommittee chairman Senator Frank Church, Democrat of Idaho, suggested that Mr. Neal should be recalled to explain the discrepancy. Mr. Meyer is scheduled to testify next week.

White House assistant, Peter M. Winton M. Blount, and other high officials and members of Congress. "You know the reason for this party," John F. Ryan of I.T.T. wrote to his boss, W. R. Merriam, the head of the company's Washington office.

Mr. Morton was a member of the House at the time and chairman of the Republican National Committee.

The newly released memorandum also contained a cryptic notation concerning "Dita and dollar." The reference obviously was to Mrs. Dita Beard, whose internal memorandum indicating that the company was trying to trade financial support for the Republican 1972

convention for settlement of its antitrust suits came to light a year ago. The memo mentioned the necessity "to get some feel from Dita as to what is required" without saying what the money was for.

## Conflicting Testimony

The conflict in testimony among various I.T.T. officials that became clear today involved John A. McCone, former head of the Central Intelligence Agency and now a director of I.T.T., Mr. Gerrity, the senior vice president, and Jack D. Neal, the company's director of international relations.

Mr. McCone testified yesterday that when \$1-million was first offered to the C.I.A. in

I.T.T. owned in Chile, even if the properties of other American businesses were confiscated without payment.

The idea was to persuade President Allende that he could win world opinion to his side by making a "fair deal" with I.T.T. and that he would then be able to confiscate the properties of the Kennecott and Anaconda mining companies with impunity, using the argument that copper was a basic national resource and in a different category from a telephone company.

The company memorandum that disclosed this plan said that I.T.T. had "handled the situation in Peru" in 1968 on the "same basis." The Government of President Juan Velasco Alvarado seized the properties of International Petroleum Com-

Mitchell, "the facts" concerning the supposed attitude toward I.T.T. of Richard W. McLaren, then head of the Justice Department's antitrust division. According to Mr. Gerrity, Mr. McLaren was out of step with Administration policies, prosecuting I.T.T. simply because it was big, and more interested in the opinions of Democratic members of Congress than of the Nixon Administration.

The new documents also showed that a summary of them released earlier this week by another Congressional committee may have left a false impression about the involvement of Mr. Mitchell in the I.T.T. antitrust suits.

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